

Pirelli to close pension scheme

Tyre company Pirelli has become the latest UK employer to say that it is planning to shut its final-salary pension scheme to existing members.

The firm has started consulting with its staff with a view to closing the scheme in December 2009.

The 743 staff will be allowed to join the defined contribution (DC) scheme already in existence for new recruits.

Separately, actuarial firm Mercer said firms it had surveyed had contributed more to DC plans despite the recession.

"The research looked into the DC pension offerings of 345 UK companies, representing some 1.2 million members and £10bn in assets under management," said Mercer.

"Since 2007, employers have on average increased their contributions from 6.8% to 7.25%, whereas member contributions have increased from 3.6% to 4.65%."

Pensions under pressure

Pirelli joins Dairy Crest, Costain, Morrisons, Barclays, IBM and Fujitsu in announcing this year that it would close its scheme.

The company admitted the change would be worrying for staff but said it was needed to protect its future.

"The poor performance of investment markets over recent years and the increasing age longevity of the pension population have put under pressure the pension fund model companies adopted until now," Pirelli said.

"There is a need to control the volatility and the increase in the cost of future pension provision, in order to provide a long term sustainable solution for both employees and the company."

Most of Pirelli's staff in the UK work at its two factories in Carlisle and Burton-upon-Trent.

New recruits to the company have been offered a defined contribution scheme since 2001.



Pirelli - as well known for its calendar as its tyres